

GROUP LIFE INSURANCE CERTIFICATE

City of Scottsdale

NOTICE

BENEFITS PAID UNDER THE ACCELERATED BENEFITS PROVISION WILL REDUCE THE DEATH BENEFIT PAYABLE FOR LIFE INSURANCE.

BENEFITS PAYABLE UNDER THE ACCELERATED BENEFITS PROVISION MAY BE TAXABLE. IF SO, YOU OR YOUR BENEFICIARY MAY INCUR A TAX OBLIGATION. AS WITH ALL TAX MATTERS, YOU SHOULD CONSULT WITH A PERSONAL TAX ADVISOR TO ASSESS THE IMPACT OF THIS BENEFIT. ACCELERATED BENEFITS ARE NOT PAYABLE IF LIFE INSURANCE COVERAGE UNDER THIS POLICY IS NOT IN FORCE.

FOREWORD

Life insurance provides individuals and their families with financial protection. The group term life insurance described in this booklet will help safeguard your family's financial security in the event of your death.

The need for life insurance protection depends on individual circumstances and financial situations. This valuable coverage should add an extra dimension to your personal insurance portfolio.

In an effort to make your benefit program comprehensive and responsive to your needs, your employer is providing this coverage to you at no cost.

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LIFE INSURANCE COMPANY OF NORTH AMERICA
1601 CHESTNUT STREET, PHILADELPHIA, PA 19192
A STOCK INSURANCE COMPANY

**GROUP
INSURANCE
CERTIFICATE**

We, the Life Insurance Company of North America, have issued a Group Insurance Policy to CITY OF SCOTTSDALE.

We certify that we insure all eligible persons, who are enrolled according to the terms of the master policy. Your coverage will begin according to the terms set forth under Individual Insurance.

This certificate describes the benefits and basic provisions of your coverage. You should read it with care so you will understand your coverage. This is not the insurance contract. The master policy is the only contract under which benefits are paid. You may examine it at the office of the Policyholder or the administrator.

This certificate replaces any and all certificates which may have been issued to you in the past under the Group Policy.

LIFE INSURANCE COMPANY OF NORTH AMERICA

Gregory H. Wolf, President



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INDIVIDUAL INSURANCE

Effective Date - Your coverage will begin on the latest of the following dates:

- a) The policy effective date.
- b) The date that you joined an eligible class.
- c) If you were required to enroll for your coverage, on the effective date shown in your enrollment form.

If you were absent from work, because of injury or sickness, on the date your coverage would begin, your coverage will not begin until you have returned full time to the duties of your work.

Termination - Your coverage will end when any of these things happen:

- a) On the date the group policy is terminated.
- b) On the date that you are no longer in an eligible class.
- c) On the date that you are no longer actively employed. This does not apply if you are:
 - 1) disabled;
 - 2) on a leave of absence not to exceed six months; or
 - 3) on a temporary lay-off from employment, not to exceed one months;
 - 4) in a class of eligible retired employees, provided this policy includes such a class; or
 - 5) on an approved family leave of absence not to exceed twelve weeks; or
 - 6) on an approved educational leave of absence not to exceed twelve months.
 - 7) on a military leave of absence not to exceed 200 days.
- d) If the policy is issued to an employer association, or a multiple employer trust fund, on the next premium due date when your employer no longer participates in the insurance plan.

Termination will not affect a claim which begins while coverage is in force.

Continuation of Insurance During Retirement Option - If the Policyholder has elected this option, a retired employee's coverage will continue even though he is no longer actively employed. This coverage will be subject to all other terms of the policy.

CONVERSION PRIVILEGE

If your coverage ends, for any reason except not paying premiums, then you may have us issue you a policy of individual life insurance.

You may choose any type of life insurance that we issue to persons of your age in the amount applied for, except:

- a) You may not choose term insurance.
- b) You may not apply for an amount greater than your coverage under this policy, less any benefits payable under the Accelerated Benefits Provision.
- c) The policy will not contain disability or other extra benefits.
- d) If the group policy is terminated, you may not convert unless you have been covered for at least 3 years. In this case, you may not apply for more than \$10,000 of insurance.

To get such a policy, you must:

- a) apply within 31 days after your coverage under this policy ends; and
- b) pay the required premium, based on our table of rates for such policies, your age and class of risk.

You need not show us that you are insurable.

The policy will take effect at the end of this 31 day conversion period. If you die during this period, then we will pay, as a claim on this policy, the amount of life insurance that you could convert. It does not matter whether you applied for a converted policy. If such policy is issued, it will be in exchange for any further benefits from this policy.

GROUP INSURANCE CERTIFICATE

Policyholder: CITY OF SCOTTSDALE

Policy Number: GL-17490

ELIGIBLE CLASSES

Eligible Persons - No Eligible Person may be covered more than once under this Policy.

If you are covered as an Employee, you cannot be covered as a spouse or dependent child of another Employee, even though you may be eligible under more than one class.

The classes of persons listed below may be covered by this Policy:

All full-time regular employees of the Policyholder and job share employees classified as follows:

Class 1 All full-time regular Employees of the Policyholder working a minimum of 30 hours per week, and job-share and part-time Employees of the Policyholder working a minimum of 20 hours per week, excluding the Mayor, City Council Members, and the City Manager.

An employee who works the number of hours in the normal work week established by the Policyholder, but not less than 30 hours per week shall be considered a full-time regular Employee of the Policyholder and a job share employee regularly working a minimum of 20 hours per week.

Eligibility Dates - An employee may enroll for coverage as follows:

Immediately on the date he becomes an Eligible Person.

Contributions: Contributions for your coverage are not required.

Class 1

SCHEDULE OF BENEFITS

LIFE INSURANCE AND ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS

Classification of Employees: All Covered Employees

Class 1

Amount of Life Insurance*: An amount equal to one times the employee's Basic Annual Earnings** rounded to the next highest \$1,000, if not already a multiple thereof, subject to a minimum of \$15,000 and a maximum of \$200,000.

Principal Sum of Accidental Death and Dismemberment*: The Principal Sum applicable to an employee shall, at any time, be equal to his amount of Life Insurance under the Policy.

Lifetime Maximum Benefit for Accelerated Benefits:

An amount equal to the lesser of 50% of the Coverage Amount in force under the policy or \$50,000.

Maximum Benefit for Terminal Illness: An amount equal to the lesser of 50% of the Coverage Amount in force under the policy or \$50,000.

*The amounts of Life and Accidental Death and Dismemberment Insurance indicated above apply to each covered employee under age 65 on the date he becomes insured. An employee's insurance shall be reduced, on the policy anniversary coinciding with or next following his 65th birthday, to 65% of the amounts for which he was insured on the day before his 65th birthday. The amounts shall be further reduced to 45% of the amounts indicated above on the policy anniversary coinciding with or next following his 70th birthday, after which no further reduction shall be made.

LIFE INSURANCE BENEFIT

If you die while you are covered by the policy, we will pay the life insurance benefit shown in the Schedule of Benefits above. We will pay this amount as soon as we receive due proof of your death. This benefit is subject to all of the terms of the Master Policy.

BENEFICIARY

Benefits paid on account of your death will be paid to the beneficiary you have chosen. These terms are set forth in detail under Employee's Death Benefits.

SCHEDULE OF BENEFITS (Continued)

If an employee is age 65 or over but less than age 70 on the date he becomes insured, the amounts of insurance applicable to him shall be 65% of the amounts of insurance indicated above for his class. On the policy anniversary coinciding with or next following such employee's 70th birthday, the amounts of insurance shall be reduced to 45% of the amounts indicated above for his class, after which no further reduction shall be made.

If an employee is age 70 or over when becoming insured, the amounts of insurance applicable to him shall be 45% of the amounts of insurance indicated above for his class.

**"Basic Annual Earnings" means an employee's earnings for normal work weeks

established by the Policyholder for his job classification, exclusive of bonus and overtime pay.

**An increase or decrease in an employee's amount of insurance, due to a change in his earnings, will be effective on the date of the change.

No increase or decrease in the amount of insurance (other than a decrease on account of attainment of a specified age) shall be made in connection with a change in the employee's classification on or after his attainment of age 65.

Changes in amounts of insurance due to a change in an employee's classification shall be effective on the next premium due date coinciding with or next following the date of the classification change. However, if the employee is not actively at work on the date the amounts of insurance would otherwise increase, the effective date of any increase will be deferred until the day he returns to work.

PAYMENT OF CLAIMS

Accident/Disability Benefits: Notice Of Claim - If any covered loss occurs or begins, you must send us written notice within 30 days, or as soon as reasonably possible. The notice should state the policy number and your name. This notice should be sent to our home office, in Philadelphia, Pa, or to an agent authorized by us. We will then send you claim forms.

Accident/Disability Benefits: Proof Of Loss - The claim forms must be sent back to us no more than 90 days after a covered loss occurs or ends, or as soon after that as is reasonably possible. If we have not provided claim forms within 15 days after your notice of claim, send us other proof of loss by the date claim forms are due. This proof of loss should include written proof of the occurrence, type and amount of loss.

Accident/Disability Benefits: When Paid - Claims will be paid as soon as we receive due proof of loss. If a claim covers benefits for more than a month, we will pay all amounts due at the end of each month. If there are any benefits due at the end of the period claimed, we will pay them as soon as we receive due proof of loss.

Payment Of Claims: Employee's Death Benefits - Benefits paid on account of your death will be paid to the beneficiary you have chosen. This choice must be in writing and filed with the Policyholder or at our home office. You may change the beneficiary by sending us written notice. You do not need the beneficiary's consent.

No selection or change of beneficiary will take effect unless it has been duly filed; but if it is so filed it will take effect on the date you signed it, even if you die before it is filed. Any payment we make before it is filed fulfills our duty to pay that amount.

If a beneficiary dies before you, his interest will end; his share will be paid in equal shares to the other beneficiaries, if there are any. This does not apply if other arrangements have been made.

If you have not chosen a beneficiary, or if there is no beneficiary alive when you die, we will pay benefits:

- 1) to your spouse, if living.
- 2) If not, in equal shares to your living children.
- 3) If there are none, in equal shares to your living parents.
- 4) If there are none, in equal shares to your living brothers and sisters.
- 5) If there are none, to your estate.

If a beneficiary is a minor, or can not give a valid release, we will pay:

- 1) his duly appointed guardian or committee, if payment is requested.
- 2) If not, we may pay a person or institution who we think has assumed the custody and chief support of the beneficiary. In that case, we will pay \$100.00 at first and \$50.00 per month after that. Payment to any such person fulfills our duty to pay that amount; we are not responsible for how the money is used.

Optional Modes Of Settlement - Instead of a lump sum payment, you (while living) or the beneficiary (after your death) may choose installment payments from one of the settlement options we are then offering. You may at any time before your death revoke or change your choice. Any such choice must be in writing.

Payment Of Claims: Other Benefits - All other benefits will be paid to you, if you are living. Otherwise we will pay your estate. In that case we may pay up to \$1,000 to a relative by blood or marriage who we in good faith believe is entitled to it.

GENERAL PROVISIONS

Incontestable - We may not contest the group policy after it has been in force for 2 years, except for non-payment of premiums. We may not use statements made by a person which relate to whether or not he is insurable:

- a) if they are not in an application signed by him, a copy of which has been

given to him; or

b) after he has been covered for 2 years during his lifetime.

Except in case of fraud, such statements are representations and not warranties.

Clerical Error - A person's coverage will not be affected by error or delay in keeping records of insurance under the policy. If such an error or delay is found, the premium will be adjusted fairly.

Misstatement Of Facts - If a fact which affects a person's coverage has not been correctly reported, the correct information will be used to judge whether coverage is in force, and in what amount.

Assignment - If you assign your rights or benefits from the policy, you must do so in writing. We will not be bound until we receive and have acknowledged a signed copy of it. We are not responsible for its validity or sufficiency.

Your insurance may not be levied on, attached, garnished, or otherwise taken for a person's debts. This does not apply where it is contrary to law.

Certificates Of Insurance - You may only have one certificate in force at a time under the group policy. If you have more than one, then you (or your beneficiary or estate, if you are dead) may choose which one will be in force. We will return the premiums paid for the others.

Examination Of The Policy - You may examine the master policy at the office of the Policyholder or the administrator.

ADDITIONAL PROVISIONS (Accident/Disability Insurance)

Physical Examinations And Autopsy - At our expense, we may have a person claiming benefits examined as often as reasonably necessary while the claim is pending. We may also make an autopsy in case of death where it is not forbidden by law.

Legal Actions - No one may sue for benefits less than 60 days after due proof of loss is submitted, nor more than 3 years after the date claim forms are due.

Not In Lieu Of Worker's Compensation - The policy is not in lieu of and does not affect requirements for coverage under Worker's Compensation laws.

ADDITIONAL PROVISIONS FOR USE WITH ACCELERATED BENEFITS

NOTICE OF CLAIM

Written notice of a diagnosis of a Terminal Illness on which claim is based must be given to the Insurance Company within 60 days after the start of the diagnosis. If notice is not given in that time, the claim will not be invalidated or reduced if it is shown that written notice was given as soon as reasonably possible.

CLAIM FORMS

When the Insurance Company receives notice of claim, it will give to the claimant the claim forms for filing proof of claim. If the claimant does not get these claim forms within 15 days after the Insurance Company receives notice of claim, he will then be considered to meet the proof of claim requirements of the policy if he submits written proof of claim within 90 days after the date of diagnosis. This proof must describe the occurrence, character and extent of diagnosis for which claim is made.

EXAMINATION

The Insurance Company, at it's own expense, will have the right to examine any person for whom claim is pending as often as it may reasonably require.

LEGAL ACTION

No action at law or equity may be brought to recover on the insurance under the Accelerated Benefits provision until at least 60 days after notice of claim has been filed with the Insurance Company. No such action may be brought at all unless brought within 3 years after the time within which notice of claim is required.

PAYMENT OF BENEFITS

All benefits payable under the Accelerated Benefits provision are payable to you, if living, unless you have assigned the right to payment for such benefits. If you die prior to the payment of an eligible claim for an Accelerated Benefits, benefits will be paid in accordance with the provisions applicable to the payment of life insurance proceeds, unless you have directed the Insurance Company otherwise in writing. However, any payment made by the Insurance Company prior to notice of your death shall discharge the Insurance Company of any obligation to the extent the benefit was paid.

WAIVER OF PREMIUM BENEFIT

We will not require any further life insurance premium to be paid for you:

- a) after you have given us proof that you are disabled; and
- b) after you have been disabled for 6 straight months; and
- c) if you became disabled before your 60th birthday.

You will be deemed "disabled," as used here, only if you cannot perform with reasonable continuity the material duties of any gainful occupation for which you are reasonably fitted by education, training and experience.

You must give us proof that you are disabled not more than 12 months after you became disabled, and every 12 months after that. If you die before such proof has been given, we will still pay the life insurance benefit, as long as such proof is given not more than 12 months after you became disabled. We may have you examined as often as reasonably necessary while you are disabled, but not more than once a year after two years.

You will still be covered for the life insurance benefit. No charge will be made for your premium. If the group policy provides other benefits, you will not be covered for them while your premium is waived. The benefit will be the lesser of:

- a) the amount you were covered for when you become disabled; or
- b) the amount you would be covered for if you were not disabled.

We will only pay this benefit if written notice of claim is sent to our home office not more than 12 months after your death. Except for the above, all other terms of the policy will apply.

This coverage will end when any of these things happen:

- a) 31 days after you are no longer disabled, if premium payments are not resumed.
- b) 31 days after you are no longer eligible, for any reason other than being disabled.
- c) 31 days after you refuse to be examined or fail to provide proof that you are disabled, as required above.

During this 31 day period, you may apply for an individual life insurance policy. These terms are set forth in detail under Conversion Privilege.

ACCELERATED BENEFITS

You will become insured for the Accelerated Benefit on the date you become insured for life insurance under the group policy. The Lifetime Maximum Benefit Amount for all Accelerated Benefits payable under this provision is equal to the lesser of 50% of the Coverage Amount in force for you or \$50,000.

Any benefits payable under this Accelerated Benefits provision will reduce the Death Benefit payable for life insurance. Any automatic increases in Coverage Amount under the policy will terminate when benefits are paid or payable under this Accelerated Benefits provision.

Your monthly premium will be calculated on the amount of death benefits payable before any reductions due to benefits payable under this Accelerated Benefits provision.

TERMINAL ILLNESS BENEFIT

The Insurance Company will pay a Terminal Illness Benefit to you, if it has been determined by the Insurance Company that you are Terminally Ill.

The Terminal Illness benefit will be equal to 50% of the Coverage Amount in force for you on the date that is determined by the Insurance Company, that you are Terminally Ill, subject to a Maximum Benefit Amount of \$50,000.

The Terminal Illness Benefit is payable once in your lifetime.

DETERMINATION OF TERMINAL ILLNESS

For the purposes of determining the existence of a Terminal illness, the Insurance Company will require that you submit the following:

- (a) a written diagnosis and prognosis by two Physicians licensed to practice in that jurisdiction; and
- (b) supportive evidence satisfactory to the Insurance Company, including but not limited to radiological or laboratory reports documenting the Terminal illness.

The Insurance Company may require, at its own expense, that you be examined and the documented evidence reviewed by a Physician of its choice.

"Terminal Illness" means a person has a prognosis of 12 months or less to live, as diagnosed by two licensed physicians.

"Physician" means a licensed medical practitioner who is practicing within the scope of his license and who is licensed to prescribe and administer drugs or to perform surgery.

ACCIDENTAL DEATH AND DISMEMBERMENT BENEFIT

We will pay benefits for injuries:

- a) caused by an accident which happens while you are covered by the policy; and
- b) which directly, and from no other cause, result in any of the losses listed below, within a year of the accident.

Only one benefit (the larger) shall be paid for more than one loss resulting from any one accident.

The amount of this benefit is shown in the table below. The Principal Sum is shown in the Schedule of Benefits.

Loss	Benefit
Life	100% of the Principal Sum
Two or more members	100% of the Principal Sum
One member	50% of the Principal Sum

"Member" means hand, foot or eye. Loss of a hand or foot means complete severance through or above the wrist or ankle joint. Loss of an eye means the total, permanent loss of sight in the eye. (In South Carolina, loss of four whole fingers of one hand shall be deemed loss of a hand.)

Beneficiary - Benefits for your death will be paid to your beneficiary. Other benefits will be paid to you. These terms are set forth in detail under Employee's Death Benefits.

Exclusions - We will not pay benefits for injuries:

- a) Caused by suicide, attempted suicide, or whenever you injure yourself on purpose. (In Missouri only, this does not apply if you were insane.)
- b) Caused by war or acts of war, whether or not declared.
- c) While you are on full time active duty in any armed forces over 200 days. We will refund pro rata the premium paid to cover you during a period of such service.
- d) Caused by any bacterial infection that was not caused by an accidental cut, wound, or food poisoning.
- e) Caused by travel or flight in, or getting in or out of:
 - 1) an aircraft being used for test or experiment.
 - 2) an aircraft you are flying, are learning to fly, or are part of the crew of. This does not apply to licensed pilots flying non-Policyholder owned aircraft while in service for the Policyholder.
 - 3) a military aircraft, other than transport aircraft flown by the U.S. Military Airlift Command (MAC), or a similar air transport service of another country.
 - 4) an aircraft that does not have a valid FAA normal or transport type certificate of airworthiness.
 - 5) an aircraft that is not flown by a pilot with a valid license.

We will not pay this benefit for loss caused by sickness.

UNDERWRITTEN BY:
LIFE INSURANCE COMPANY OF NORTH AMERICA
a CIGNA company

CLASS 1
06/2005

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CIGNA Group Insurance
Life • Accident • Disability